Northern Trust Risk Universe *4th Quarter 2005*

Risk Universe Summary

The fourth quarter 2005 Northern Trust Risk Universe consists of 109 ERISA plans and 34 Public Fund plans with a combined value of over $516 billion.

Value at Risk (VaR) is a measure of a plan's potential loss given a time horizon and confidence interval. Our discussion uses a 1 year time horizon and a 95% confidence interval. The median VaR of all plans in the Northern Trust Risk Universe decreased in the fourth quarter to 15.1% from 15.3% last quarter. A VaR of 15.1% means that the plan is forecasted not to lose more than 15.1% over the next 12 months with 95% confidence. Due to different asset allocation policies, the VaR of the 143 plans in the universe ranged from 8.8% to 21.8%. To view the Northern Trust Risk Universe, please click on the link below.

Northern Trust Risk Universe Link

For ERISA and Public Funds plans with more than $1 billion in assets, the median VaR decreased to 15.2% in the latest quarter from 15.6%. The VaR within this universe ranged from 11.0% to 21.8%.

The median VaR of all the ERISA plans in the Northern Trust Risk Universe was 15.2%, a decrease from 15.4% in September. The median VaR for Public Funds also decreased this quarter to 15.0% from 15.1%

As volatility in the equity markets declined this quarter, the VaR of the broad equity indices also decreased. The VaR of the Russell 3000 index declined to 21.6% from 22.2% while the VaR of the MSCI EAFE (GD) index decreased to 22.2% from 22.7%. The U.S. Fixed Income market as measured by the Lehman Brothers Aggregate index, however had a slight increase in risk with the VaR increasing to 6.2% from 6.1% last quarter.

If you are interested in seeing the Value at Risk level of your plan, please contact your relationship manager.

Median Plan - Value at Risk with 95 % Confidence			
4th Quarter 2005	**1 Month**	**1 Quarter**	**1 Year**
Northern Trust ERISA & Public Funds	4.4%	7.5%	15.1%
Northern Trust ERISA & Public Funds Greater than $1 Billion	4.4%	7.6%	15.2%
Northern Trust ERISA	4.4%	7.6%	15.2%
Northern Trust Public Funds	4.3%	7.5%	15.0%
Market Indices - Value at Risk with 95% Confidence			
Russell 3000	6.2%	10.8%	21.6%
S&P 500	6.1%	10.6%	21.3%
MSCI EAFE (GD)	6.4%	11.1%	22.2%
Lehman Bros. Aggregate Index	1.8%	3.1%	6.2%

The Northern Trust Company

Northern Trust Risk Universe

4th Quarter 2005

The median Value at Risk (VaR) of plans in the Northern Trust ERISA & Public Funds Risk Universe has trended downward over the past three years. At 15.1%, the median VaR of the entire Northern Trust Risk Universe is lower than its value 1, 3 and 5 years ago. This decline in total plan volatility is occurring despite higher allocation to equities.

Using a holdings based methodology to classify assets held by plans in the Northern Trust Risk Universe, the chart on the right illustrates the asset allocation of the composite Risk Universes for the quarter, and for periods 1, 3 and 5 years ago. The ERISA & Public Funds Composite's current allocation to equities (U.S and non-U.S.) of 65% is down from one year ago but above the levels of three and five years ago when the equity markets were still in decline. Allocation to U.S. Fixed Income at 26% is higher than one year ago, but is lower than the levels of three and five years ago.

The decline in VaR of plans in the Northern Trust Risk Universe is mainly due to the decline of volatility in the equity markets, which lowered the VaR of U.S. and non-U.S. equities. The chart below shows that the 1 year VaR of the broad market equity indices was highest three years ago and has been declining since then. Thus, even though allocation to equities has increased, the VaR has decreased for most plans in the Northern Trust Risk Universe.

If you are interested in seeing the Value at Risk level of your plan, please contact your relationship manager.

Median Plan - Value at Risk over 1 Year with 95 % Confidence				
	Current	**1 Year Ago**	**3 Years Ago**	**5 Years Ago**
Northern Trust ERISA & Public Funds	15.1%	17.1%	17.9%	17.0%
Northern Trust ERISA & Public Funds Greater than $1 Billion	15.2%	17.5%	18.1%	17.0%
Northern Trust ERISA	15.2%	17.4%	18.1%	17.5%
Northern Trust Public Funds	15.0%	16.8%	16.0%	15.7%
Market Indices - Value at Risk over 1 Year with 95 % Confidence				
Russell 3000	21.6%	24.3%	30.7%	26.1%
S&P 500	21.3%	24.1%	30.8%	25.8%
MSCI EAFE (GD)	22.2%	24.8%	27.7%	24.2%
Lehman Bros. Aggregate Index	6.2%	6.7%	5.9%	5.5%

Asset Allocation	**Current**	**1 Year Ago**	**3 Years Ago**	**5 Years Ago**
ERISA & Public Funds Composite (143 plans)				
U.S. Equity	44%	47%	41%	46%
Global/Non-U.S. Equity	21%	21%	16%	16%
U.S. Fixed Income	26%	22%	28%	29%
Global/Non-U.S. Bonds	2%	2%	3%	3%
Cash & Other	7%	8%	12%	7%
ERISA & Public Funds greater than $1 Billion Composite (79 plans)				
U.S. Equity	44%	47%	41%	45%
Global/Non-U.S. Equity	22%	21%	16%	17%
U.S. Fixed Income	26%	22%	28%	29%
Global/Non-U.S. Bonds	2%	2%	3%	3%
Cash & Other	7%	8%	12%	7%
ERISA Composite (109 plans)				
U.S. Equity	44%	48%	41%	47%
Global/Non-U.S. Equity	23%	22%	18%	17%
U.S. Fixed Income	27%	22%	31%	28%
Global/Non-U.S. Bonds	2%	2%	2%	1%
Cash & Other	5%	5%	7%	7%
Public Funds Composite (34 funds)				
U.S. Equity	44%	46%	42%	45%
Global/Non-U.S. Equity	20%	19%	15%	16%
U.S. Fixed Income	25%	22%	25%	29%
Global/Non-U.S. Bonds	2%	2%	3%	3%
Cash & Other	9%	11%	16%	7%

The Northern Trust Company